
By: **Delegates McConkey, Cane, V. Clagett, Glassman, Holmes, Love,
Montgomery, Parker, Sossi, Stull, and Weir**

Introduced and read first time: January 21, 2004

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Resale of a Condominium Unit by a Unit Owner - Required**
3 **Disclosures**

4 FOR the purpose of repealing a certain provision regarding the enforceability of a
5 contract for the resale of a condominium unit by a unit owner under certain
6 circumstances; requiring the contract for the resale of a condominium unit to
7 contain a certain notice under certain circumstances; altering the time frame
8 within which a condominium unit owner is required to furnish a purchaser
9 certain documents and statements under certain circumstances; altering the
10 content of certain statements that a unit owner is required to provide a
11 purchaser under certain circumstances; altering the time frame within which a
12 council of unit owners is required to furnish a certificate of information to a unit
13 owner under certain circumstances; repealing a certain provision regarding the
14 liability of a unit owner to a purchaser as to certain statements made by the unit
15 owner under certain circumstances; altering the time frame within which a
16 purchaser may rescind a contract for the resale of a condominium unit without
17 any liability under certain circumstances; altering the content of certain notices
18 required to be given to a purchaser of a condominium unit under certain
19 circumstances; making stylistic changes; and generally relating to required
20 disclosures in the resale of a condominium unit by a unit owner.

21 BY repealing and reenacting, with amendments,
22 Article - Real Property
23 Section 11-135
24 Annotated Code of Maryland
25 (2003 Replacement Volume and 2003 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
27 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Real Property

2 11-135.

3 (a) Except as provided in subsection (b) of this section, [a contract for] IN the
4 resale of a unit by a unit owner other than a developer [is not enforceable unless], the
5 contract of sale [contains] SHALL CONTAIN in conspicuous type a notice in the form
6 specified in subsection (g)(1) of this section, and the unit owner [furnishes] SHALL
7 FURNISH to the purchaser not later than [15] 5 days prior to closing:

8 (1) A copy of the declaration (other than the plats);

9 (2) The bylaws;

10 (3) The rules or regulations of the condominium; AND

11 (4) A certificate containing:

12 (i) A statement disclosing the effect on the proposed conveyance of
13 any right of first refusal or other restraint on the free alienability of the unit other
14 than any restraint created by the unit owner;

15 (ii) A statement setting forth the amount of the monthly common
16 expense assessment and any unpaid common expense or special assessment currently
17 due and payable from the selling unit owner;

18 (iii) A statement of any other fees payable by the unit owners to the
19 council of unit owners;

20 (iv) A statement of any capital expenditures approved by the council
21 of unit owners planned at the time of the conveyance which are not reflected in the
22 current operating budget disclosed under subparagraph (vi) of this paragraph;

23 (v) The most recent regularly prepared balance sheet and income
24 expense statement, if any, of the condominium;

25 (vi) The current operating budget of the condominium including
26 details concerning the reserve fund for repair and replacement and its intended use,
27 or a statement that there is no reserve fund;

28 (vii) A statement of any judgments against the condominium and the
29 existence of any pending suits to which the council of unit owners is a [party]
30 DEFENDANT;

31 (viii) A statement generally describing any insurance policies
32 provided for the benefit of unit owners, a notice that copies of the policies are
33 available for inspection, stating the location at which the copies are available, and a
34 notice that the terms of the policy prevail over the description;

35 (ix) A statement as to whether the council of unit owners has
36 knowledge that any alteration or improvement to the unit or to the limited common

1 elements assigned to the unit violates any provision of the declaration, bylaws, or
2 rules or regulations;

3 (x) A statement as to whether the council of unit owners has
4 knowledge of any violation of the health or building codes with respect to the unit, the
5 limited common elements assigned to the unit, or any other portion of the
6 condominium;

7 (xi) A statement of the remaining term of any leasehold estate
8 affecting the condominium and the provisions governing any extension or renewal
9 thereof; and

10 (xii) A description of any recreational or other facilities which are to
11 be used by the unit owners or maintained by them or the council of unit owners, and
12 a statement as to whether or not they are to be a part of the common elements[]; and

13 (5) A statement by the unit owner as to whether the unit owner has
14 knowledge:

15 (i) That any alteration to the unit or to the limited common
16 elements assigned to the unit violates any provision of the declaration, bylaws, or
17 rules and regulations;

18 (ii) Of any violation of the health or building codes with respect to
19 the unit or the limited common elements assigned to the unit; and

20 (iii) That the unit is subject to an extended lease under § 11-137 of
21 this title or under local law, and if so, a copy of the lease must be provided].

22 (b) [A contract for the] IN A resale by a unit owner other than a developer of
23 a unit in a condominium containing less than 7 units [is not enforceable unless], the
24 contract of sale [contains] SHALL CONTAIN in conspicuous type a notice in the form
25 specified in subsection (g)(2) of this section, and the unit owner [furnishes] SHALL
26 FURNISH to the purchaser not later than [15] 5 days prior to closing:

27 (1) A copy of the declaration (other than the plats);

28 (2) The bylaws;

29 (3) The rules and regulations of the condominium; and

30 (4) A statement by the unit owner of the unit owner's expenses during
31 the preceding 12 months relating to the common elements.

32 (c) [(1)] The council of unit owners, within [20] 10 days after a written
33 request by a unit owner and receipt of a reasonable fee therefor, not to exceed the cost
34 to the council of unit owners, if any, shall furnish a certificate containing the
35 information necessary to enable the unit owner to comply with subsection (a) of this
36 section. A unit owner providing a certificate under subsection (a) of this section is not

- 1 (i) A copy of the declaration (other than the plats);
- 2 (ii) A copy of the bylaws;
- 3 (iii) A copy of the rules and regulations of the condominium; AND
- 4 (iv) A certificate containing:
- 5 1. A statement disclosing the effect on the proposed
- 6 conveyance of any right of first refusal or other restraint on the free alienability of the
- 7 unit, other than any restraint created by the unit owner;
- 8 2. A statement of the amount of the monthly common
- 9 expense assessment and any unpaid common expense or special assessment currently
- 10 due and payable from the selling unit owner;
- 11 3. A statement of any other fees payable by the unit owners
- 12 to the council of unit owners;
- 13 4. A statement of any capital expenditures approved by the
- 14 council of unit owners or its authorized designee planned at the time of the
- 15 conveyance which are not reflected in the current operating budget included in the
- 16 certificate;
- 17 5. The most recently prepared balance sheet and income and
- 18 expense statement, if any, of the condominium;
- 19 6. The current operating budget of the condominium,
- 20 including details concerning the amount of the reserve fund for repair and
- 21 replacement and its intended use, or a statement that there is no reserve fund;
- 22 7. A statement of any judgments against the condominium
- 23 and the existence of any pending suits to which the council of unit owners is a [party]
- 24 DEFENDANT;
- 25 8. A statement generally describing any insurance policies
- 26 provided for the benefit of the unit owners, a notice that the policies are available for
- 27 inspection stating the location at which they are available, and a notice that the
- 28 terms of the policy prevail over the general description;
- 29 9. A statement as to whether the council of unit owners has
- 30 knowledge that any alteration or improvement to the unit or to the limited common
- 31 elements assigned to the unit violates any provision of the declaration, bylaws, or
- 32 rules or regulations;
- 33 10. A statement as to whether the council of unit owners has
- 34 knowledge of any violation of the health or building codes with respect to the unit, the
- 35 limited common elements assigned to the unit, or any other portion of the
- 36 condominium;

1 (h) Upon any sale of a condominium unit, the purchaser or [his] THE
2 PURCHASER'S agent shall provide to the council of unit owners to the extent available,
3 the name and forwarding address of the prior unit owner, the name and address of the
4 purchaser, the name and address of any mortgagee, the date of settlement, and the
5 proportionate amounts of any outstanding condominium fees or assessments assumed
6 by each of the parties to the transaction.

7 (i) This section does not apply to the sale of any unit which is to be used and
8 occupied for nonresidential purposes.

9 (j) Subsections (a), (b), (c), (d), (e), (f), and (g) of this section do not apply to a
10 sale of a unit in an action to foreclose a mortgage or deed of trust.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
12 effect October 1, 2004.